

Part 2

FREE-LAND

1. THE MEANING OF THE WORD FREE-LAND

1. Competition among men can be carried on equitably and in accordance with its high purpose only if all special private or public rights over land are abolished.

2. All men without exception have an equal right to the earth—without distinction of race, religion, culture or bodily constitution. So everyone must be allowed to move wherever his heart, his will, his health prompt him to go, and there to enjoy the same right to the land as the natives. No private individual, no State, no society may retain any kind of privileges over the land. For we are all natives of the earth.

3. The idea of Free-Land admits of no qualification. It is absolute. In relation to the earth there are no rights of nations, no prerogatives of sovereignty, no rights of self-determination of States. Sovereignty over the earth rests with men, not with nations. For this reason no nation has the right to erect boundaries and to levy import-duties. Free-Land means that the earth is to be conceived as a globe on which there is no import or export of goods. Hence Free-Land also implies universal free-trade and complete elimination of all tariff boundaries. National boundaries must become simply administrative boundaries, such as, for instance, the boundaries between the separate cantons of Switzerland.

4. From this description of Free-Land it follows that such expressions as "English coal," "German potash," "American oil" and so forth can be understood only in a geographical sense. For everyone, no matter to what race he may belong, has the same right to English coal, German potash and American oil.

5. The land is leased to the cultivators by way of public auction in which every inhabitant of the globe, without exception, can compete.

6. The rent so received goes to the public treasury and is distributed monthly in equal shares to mothers according to the number of their young children. No mother, no matter from where she comes, will be excluded from this distribution.

7. The parcelling of the land is governed entirely by the needs of the cultivators. That is, small lots for small families, large lots for large families. Also large tracts for communistic, anarchistic,

social-democratic colonies, for co-operative societies, or religious communities.

8. Any nation, State, race, language-community, religious body or economic organisation seeking to restrict Free-Land in any way is to be outlawed.

9. The present landowners will receive full compensation, in the form of government securities, for the loss of their rents.

2. FREE-LAND FINANCE

The State purchases all private property in land—agricultural land, forests, building sites, mines, gravel-pits, water-power. And the State pays for what it purchases, it compensates the landowners.

The purchase-price is based on the rent which each piece of land hitherto yielded or would have yielded. The rent thus calculated is then capitalised* at the mortgage rate of interest, and this amount is paid to the landowners in interest-bearing State securities; not one penny more or less.

But how can the State pay the interest on such tremendous sums? The answer is: with the rent of the land, which, of course, now flows into the public treasury. This revenue is equal to the amount of interest to be paid, not one penny more, not one penny less, since the debt is simply the rent of the land capitalised.

Suppose, for example, that the annual rent of the land is one billion dollars.† The compensation paid by the State, at a rate of interest of 4%, then amounts to 25 billion dollars, and the interest on this sum, at the same rate of interest, is also one billion dollars. The sum paid out and the sum received are the same.

The size of these figures need cause no alarm, for the size of the debit is measured by the size of the credit.‡ In itself nothing is either great or small. France though burdened with a national debt

* Capitalisation of rent means calculation of the sum of money which would yield interest equal to the rent.

†Billion: Throughout this book, in accordance with the convenient American (and French) notation, the word "billion" denotes "one thousand millions." The German word is "milliard."

‡At the present moment, indeed (November 1919) there is practically nothing left to redeem. The German debt for reparations, which is equivalent to a first mortgage, will claim the greater part of German rents. Already a large German estate can be bought for the price of a few acres of Swiss land.

of 35 billion francs and as much again for private mortgages is piling up billions upon billions in foreign State securities.* The capacity of the reservoir is great. It would be the same with the debt resulting from nationalisation of the land. The immense debit would be balanced by an immense credit. It would therefore be quite superfluous to calculate these sums in advance. If the amount is 100 billions, good; if it is 500 billions, good again. For the State finances the entry is transitory. These billions troop through the public treasury without leaving a trace. Is a banker alarmed when entrusted with a fortune? Is the President of the Reichsbank alarmed at the sums, however great, that pass through his ink pot? Not at all, he sleeps as soundly as the director of the Bank of Heligoland. Have the debts of the Prussian State become more oppressive since the railways were bought by the State and paid for with State securities?

It may indeed be objected that the State does incur a risk in connection with the nationalisation of the land, in so far as rents are determined by fluctuating economic factors (tariffs, freights, wages, currency-standards), whereas the rate of interest on the debt, like the debt itself, is fixed on paper.

Such a risk exists, and strangely enough its existence is exploited by the landowners as an argument against nationalisation. For how have the landowners protected themselves hitherto against the shrinkage of rent? Have they not always, in such cases, appealed to the State for help, shifting the whole burden of their loss to the State which they are now so anxious to protect from risk? And they omit of course to mention that where there is a risk there is usually also a chance of profit; they are wont to transfer the risk to the State, but to claim the whole of the profit for themselves. With regard to the private ownership of land the State has hitherto always played the part of a loser in a lottery. For the State the blanks—for the landowner the prizes. When rents increase, the beneficiaries never propose to restore to the State what they have received from it in times of need. In former times the landowners were able to help themselves. They aggravated the conditions of slavery or serfdom, and when slavery could no longer be maintained they forced

* Written before the war.

the State to help them by restricting freedom of movement, whereby wages were depressed below their natural level. And when such methods became too dangerous, the State was requested to come to their aid with the bimetallic swindle, that is, to sacrifice the currency-standard, and thus by a shameless inflation of prices, to liberate the indebted landowners from the burden of their debts, at the expense of the rest of the population. (This sentence will be more easily understood later on by readers who are as yet unfamiliar with the problems of currency.) When this attempt failed through the opposition of the other class of receivers of unearned income, namely the bondholders, and nothing more could be gained by force, the landowners changed their tactics and whined for sympathy. To justify their demand for protective-duties on agricultural produce they called attention to the "plight of agriculture." To protect and increase rents the mass of the people were to pay higher prices for bread. Thus it has always been the State, the people, that took upon itself the risk connected with landed property. A risk borne by so broad and powerful a class as the landowners is in practice equivalent to a risk borne by the public treasury. After nationalisation of the land the only change would be that, in return for the risk incurred, the State would have a chance of profit.

Moreover, from the point of view of economic life as a whole there is no risk whatever in the decline of rents; from this standpoint, indeed, even their disappearance would be no loss. The taxpayer, who has at present to deduct from his work not only taxes, but also rent, could easily bear a larger tax if relieved of the burden of rent. The tax-paying capacity of the people is always in inverse ratio to the power of the landlords.*

At first nobody gains or loses by the redemption of the land. The former landowner receives as interest from the State what he used to receive as rent from his landed property, while the State, through its ownership of the land, receives rent equal to the interest on the State securities.

The net gain to the State will begin only with the gradual amortisation of the debt through the currency reform which we shall discuss later.

* Rent on French land fell by 22½% in the period 1908-1912, as compared with the period of 1879-1881; the price of land falling by 32·6%. In 1879-1881 a hectare cost 1830 francs, in 1908-1912 only 1244 francs.

With this reform the rate of interest (both on money-capital and on real capital) will within a short space of time sink to the lowest point permitted by international market conditions, while the international application of the reform would reduce pure interest to zero.

It will therefore be prudent to grant the holders of the land-nationalisation bonds only as much interest as is necessary to maintain the parity of these securities. For the price of securities bearing a fixed rate of interest must respond to all the fluctuations of the market rate of interest. If, therefore, the price of the State-securities is to remain stable, the rate of interest must be adjustable. It must rise and fall with the market rate of capital-interest, this being the only way in which these State securities can be protected against speculation. And it will certainly be in the public interest to protect a capital of from 50 to 75 billion dollars against the raids of speculators, especially as these securities will in many cases be held by persons without financial experience.

We propose to introduce the money reform simultaneously with the nationalisation of the land. Its effect will be to reduce the market rate of interest, so the rate of interest on the nationalisation securities will also be automatically reduced, from 5 to 4, 3, 2, 1, —and finally 0%.

The finances of land-nationalisation will then present this aspect:

The rents of a country amount annually to, say,	10 billions
With interest at 5%, the State pays the land-owners an indemnity of - - - -	200 billions
Or, with interest at 4%, an indemnity of -	250 billions
The interest to be paid on 200 billions at 5% is	10 billions
If the market rate of interest now falls to 4%, the interest on the 200 billions must be reduced to - - - - -	8 billions
Whereas the rents at first remain stationary at	10 billions
Thus the finances of the land-nationalisation show an annual credit balance of - -	2 billions

This balance will be used to cancel part of the debt, and the sum on which interest is to be paid will be reduced by this amount, whereas the rents continue to flow, undiminished, into the public treasury. This annual surplus will increase in proportion to the

decline of the general rate of interest, and will finally, when interest has fallen to 0%, equal the full amount of the rents—which will also, it is true, decline with the fall of interest, though not to the same extent. (See Part I, Chapter 14.)

With such a development, the whole of the great debt arising from nationalisation of the land is completely cancelled in less than 20 years.

It may be mentioned that the present exceptionally high rate of interest on the war loans, which would be adopted as the capitalisation rate, would be particularly favourable for nationalisation of the land, for the higher the rate of interest, the smaller is the capital sum to be paid as indemnity to the landowners. For every \$1000 of rent the indemnity to be paid to the landowners is:

at 5% = \$20,000 capital

at 4% = \$25,000 capital

at 3% = \$33,333 capital

Whether it is desirable to shorten still further the period of transition and adjustment granted by the above scheme to the beneficiaries of rent, I shall leave it for others to decide. The means to do so will not be lacking. The effects of the monetary reform proposed in Part IV of this book are far-reaching. The money reform allows economic life to develop freely, giving full scope to modern means of production which, in the hands of modern highly-skilled workers, are capable of greatly increased output, and it also puts an end to economic crises and stoppages of work. The tax-paying capacity of the people will increase enormously. If, therefore, it is desired to make use of these forces for a more rapid cancellation of the State debts, the term indicated above can be greatly reduced.

3. FREE-LAND IN PRACTICE

After the land has been nationalised it will be divided according to requirements of agriculture, housing and industry, and leased by public auction, for terms of 1, 5, 10 years, or for life, to the highest bidders. The leaseholders will be given certain securities for the stability of the economic factors upon which they base their offer, so that they cannot be crushed by their contract. This object could be achieved by the guarantee of minimum prices for agricultural

products, the currency being adapted to these prices; or by reduction of the rent in case of a general rise of wages. In short, as the purpose of the reform is not to harass the farmer, but, on the contrary, to create and maintain a flourishing state of agriculture and a healthy farming class, everything possible will be done to bring the yield of the soil and farm-rent into permanent agreement.

The possibility of nationalising agricultural land has been repeatedly demonstrated by experience. Land nationalisation converts the whole land of the country into leasehold farms held from the State, and leasehold farms, both private and national, already exist in every part of Germany. Through nationalisation we simply make an existing institution universal.

Leasehold tenure has been objected to on the ground that the tenants will be more inclined to impoverish the soil than the present owners who are personally interested in keeping the soil in good condition. The leaseholder, it is said, squeezes everything out of the soil and then moves on.

This is about the only objection that can be made against leasehold tenure; in no other respect is there any difference between tenants and owners, in so far, at least, as the welfare of agriculture is concerned. For both pursue the same object, namely, to obtain the highest yield with the minimum of labour.

That farming methods tending to exhaust the soil are by no means a peculiarity of leaseholders may be seen in America, where some wheat farmers squeeze their soil to the point of complete exhaustion. Wheat farms that have been so exhausted may be had by the hundred for small sums. In Prussia, on the other hand, the State farms are said to be farmed on model lines. And these farms are worked by leaseholders.

But in any case exhaustion of the soil by the tenants can easily be prevented.

1. The tenant can be given a lease of his farm for life.
2. Clauses can be introduced into the contract rendering exhaustion of the soil impossible.

If a leasehold farmer exhausts the soil, the fault invariably lies with the proprietor, who allows the farmer to adopt such methods simply to obtain a higher rent for himself, for a few years. In this

case it is not the tenant but the landowner who is guilty of exhausting the soil. Sometimes the proprietor consents to short-term leases only because he does not wish, through granting a longer lease, to lose the chance of a favourable sale. Under such conditions he will not of course find tenants willing to improve the soil, but the evil in this case is not the system of leasehold tenure, but the system of private ownership of the land.

If the landlord wishes to make exhaustion of the soil impossible he can draw up the contract accordingly. If the farmer is bound by contract to keep enough cattle to consume the fodder grown on the farm, and is forbidden to sell hay or straw or farmyard manure, this clause alone is sufficient to protect the soil.

If, in addition to this, the farmer is given full security that the farm will be his for life if he so desires, with a prior right of tenancy for his widow or children, there is no fear of his exhausting the soil, unless indeed his rent is too high, so that he has no interest in prolonging his contract. In this case, however, the above mentioned clause would suffice to prevent exhaustion of the soil, and a similar clause could be devised to meet other conditions. There are soils unsuitable for cattle-breeding but very suitable, say, for wheat-growing. In such cases the farmer could be bound by contract to return to the fields, in the form of artificial fertilisers, what he abstracts from them through the sale of the wheat.

It may also be mentioned that since the discovery of artificial fertilisers, exhaustion of the soil is no longer such a grave problem as it was when the only method of restoring fertility to exhausted soil was to let it lie fallow. Formerly it took a whole lifetime to restore an exhausted field, now fertility is restored promptly by the use of artificial manure.

The condition of Ireland is pointed to as a warning against careless farming by tenants, but we must here remind our readers of the most important feature of nationalisation of the land, namely that rents will no longer enrich private individuals but flow into the public treasury whence they will be restored to the people in the form of reduced taxes, endowment of motherhood, widows' pensions and so forth. If the rents which the absentee landlords, year in, year out, for 300 years, have abstracted from Ireland to spend

in idleness elsewhere, had been left to the Irish people, the condition of that country would be very different.

Other examples, such as the Russian "Mir" and the German commonages have been mentioned as warnings against leasehold farming. But here again, as in the case of Ireland, the comparison with nationalisation is inadmissible. In the "Mir" a new distribution of the land takes place regularly every few years, when by deaths and births the number of members of the commune has changed; so that no one ever remains in possession of the same piece of land for any length of time. If a member of the Mir improves the soil, he has to share the benefit with the whole Mir, so his personal gain is small. This system inevitably leads to negligent cultivation, to exhaustion of the soil and impoverishment of the whole community. The Mir is neither communism nor individualism; it has the disadvantages of both and the advantages of neither. If the Russian peasants farmed their land jointly after the fashion of the Mennonites, the common interest would teach them to do what the landowner does for the improvement of the soil. And if they reject communism they must accept the consequences and adopt a system of thorough-going individualism.

It is the same with many of the German commons which are generally reputed to be in a wretched condition. The mistake is here the short tenures which encourage rapacious methods of farming. It almost looks as if the village councils were bent on discrediting the common property in order to pave the way for dividing it up; a plan which has been successfully practised in the past. If this suspicion is well founded the poor condition of the common lands should be attributed to the system of private ownership, for it is the hope of converting the commonages into private property that causes their neglect. If the proposal to divide up the commons were made punishable, and the land were declared the inalienable property of the communes, this deplorable state of matters would be quickly remedied.

What the farmer really needs is the assurance that whatever money and labour he expends on improving the soil will benefit him directly and personally, and the rent-contract must be devised to give him this assurance—as it easily can be.

The most important land improvements cannot however be

undertaken without infringing the principle of private ownership of the land. How, for instance, is a private individual to construct a road to his fields across the property of his neighbour who may be his enemy? How do we construct a railway line or a canal through the property of 1000 private individuals? Here the principle of division of property and of private ownership of land must always give place to legal expropriation. No private individual can construct dykes as a protection against floods along coasts and rivers. The same is true of the drainage of swampy land, where the plan must ignore boundary lines and be adapted solely to the lie of the land. In Switzerland 75,000 acres of land were drained by turning the Aar into the Lake of Biel, an enterprise which required the co-operation of four cantons. In this case the private proprietors could have done nothing whatever, and cantonal ownership had also to be disregarded. In the correction of the course of the Upper Rhine even the principle of Swiss national ownership was not enough; for the undertaking could be carried through only by an arrangement with Austria. How is the private owner on the Nile to get his water for irrigation? Is the principle of private ownership to be extended to afforestation, on which the climate, the condition of the water courses, navigation, and the health of the whole people depend? Even the food supply of the population cannot safely be left to the private proprietor. In Scotland, for instance, a few landlords, protected by the laws of private property, depopulated a whole area, burning down the villages with their churches, simply to turn it into a game preserve. The same thing is done by the great landed proprietors in Germany who, under pretext of anxiety about the food-supply of the people, demand protective duties which increase the price of the people's bread. The principle of private ownership of land is incompatible with the interest of hunting and fishing, or the protection of wild birds. And the incapability of private property to fight pests, such as cockchafers and locusts, has been seen in Argentina, where each proprietor confined his efforts to driving the locusts off his fields into those of his neighbour—with the result that these insects multiplied and for three years in succession completely destroyed the wheat crop. Only when the State disregarded private property and had the locusts destroyed wherever they were found, did they disappear. It is much the same

in Germany with regard to the fighting of pests. What for instance can the individual vineyard proprietor do against phylloxera?

Private ownership fails wherever the motive of selfishness of the individual fails, and that usually happens when there is a question of the improvement or protection of the land. If we were to believe the German agrarian party, the principle of private property in land would have to be completely abandoned, since "the plight of agriculture" (meaning the plight of the receivers of rent) of which they complain, can only, according to them, be removed by the forcible interference of the State, acting through protective-duties. So the private owner, according to the landowners, can do nothing for the plight of agriculture.

Private ownership, through the right of succession, necessarily leads to the division of land or to mortgaging. Exceptions are rare, being limited to the case of an only child.

The division of land leads to those dwarf farms which produce general poverty, and mortgaging makes the landowners so dependent on currency policy, interest, wages, freight-rates and protective-duties that in practice scarcely anything remains of private property in land. What we have to-day is not private ownership of land, but the politics of private ownership of land.

Let us suppose, for example, that agricultural prices fall heavily in consequence of one of the frequent blunders in currency policy, such as the introduction of the gold standard. How is the farmer to raise the interest for his mortgage? And if he does not pay the interest, where is his property? How is he to protect himself except by his influence on legislation, which allows him to regulate the currency, and consequently the burden of his mortgage, according to his desire? And if the rate of interest rises, how is he to escape the hammer of the auctioneer?

The landowner is forced to cling to legislation. Unless he takes an active part in politics, and controls currency, import-duties and railway rates, he is lost. What would become of landowners if it were not for the army? If the yellow peril becomes a reality and a man without property finds Mongolian rule still more irksome than Prussian discipline, he can throw down his tools and emigrate with his wife and children and a bundle of clothes. So can the landowner—if he is prepared to abandon his landed property.

Thus private ownership of land can be maintained only with the aid of politics, being in itself a product of politics. It may be said that private ownership of land is the embodiment of politics. Without politics there can be no private ownership of land, and without private ownership of land there can be no politics. After nationalisation of the land, politics would become a thing of the past.

After nationalisation of the land, agriculture loses all connection with politics. Just as even to-day leasehold farmers as such have no immediate interest in the currency, import-duties, wages interest, freight-rates, construction of canals, extermination of pests; that is, in the "great" — and sordid — problems of contemporary politics, simply because in the terms of their leases the influence of all these factors is already allowed for; so, after nationalisation, all farmers will watch the proceedings of Parliament without excitement. They will know that every political measure affecting the rent of their land will be reflected in the terms of the lease. If import-duties are introduced to protect agriculture, the farmer knows that he will have to pay, in the form of a higher farm-rent, for this protection; hence he is indifferent to the proposed duties.

When the land is nationalised the prices of farm products may, without injury to the public interest, be forced so high that it will pay to cultivate sand dunes and boulder-strewn mountain slopes; even wheat growing in flower pots could be made profitable without allowing the cultivators of fertile soil to derive any private advantage from the high prices, since the amount paid on their leases would keep pace with the rise of rent. Patriots who are anxious about the provisioning of their country in war-time should study this remarkable aspect of land nationalisation. With a tenth of the money thrown to the receivers of rent through the wheat-duties, Germany might have converted all her moors, heaths and wastes into fertile soil.

The amount of railway and canal freights, and the politics connected therewith, will not concern the leaseholder any more directly than the ordinary citizen. For if changes in freights were to benefit him, the increase in his rent would annul the advantage.

With nationalisation of the land, politics will, in short, cease to interest the farmer personally, he will be concerned only with legis-

lation for the common weal, with objective politics. Objective politics are, however, no longer politics, but applied science.

It may here be objected that if farmers are able to secure long-term or lifelong leases, they will still be affected by legislation and tempted to seek their private advantage at the expense of the common weal. The objection is valid, but does it not apply with still greater force to the existing private ownership of land, which allows the benefits of legislation to be converted into hard cash in the selling price of the land, as may be seen from the present high price of land resulting from protective-duties? After nationalisation of the land, however, the taint of politics may be altogether removed by reserving to the State, in the case of lifetime contracts, the right of having rents officially re-adjusted from time to time, just as is now done with the rates on land. (In the case of short-term contracts the rent is adjusted by the farmer himself through the public auction of the lease.) For if the farmer knows that all the advantages to be expected from politics will be converted into rent for the revenue department, he will give up the attempt to influence rent by legislation.

Allowing for all these circumstances, we may sketch a lease contract after nationalisation of the land somewhat as follows:

NOTICE

The lease of the farmstead known as "The Chalk Farm" is advertised for public auction. The auction will take place on St. Martin's Day, and the lease will be granted to the highest bidder.

The farm is estimated to occupy one man in full work. The house and stables are in good repair. Rent hitherto \$100. The soil is of the fifth quality, the climate suitable for strong constitutions only.

Terms:

The farmer undertakes by contract to fulfil the following conditions:

1. To sell no fodder. He must keep sufficient cattle to consume the entire crop of hay and straw. The selling of stable manure is forbidden.

2. To restore to the soil, in the form of chemical fertilisers, the minerals abstracted from it by the sale of grain; for every ton of grain 200 lbs. of basic slag or its equivalent.

3. To keep the farm buildings in good repair.

4. To pay the rent in advance or give security for its payment. The State Land-Department undertakes:

1. Not to give the tenant notice to quit as long as he fulfils his engagements.

2. To grant a prior right of tenancy to the widow and direct heirs of the tenant in the form of 10% rebate on the highest bid obtained at the auction.

3. To cancel the contract at any time at the request of the tenant, on payment by him of a fine equal to one-third of the annual rent.

4. Not to alter the freight-rates for grain within the duration of the contract.

5. To establish accurate wage statistics and, in the case of leases for life, to reduce the rent if wages rise, and to raise it if wages fall.

6. To construct any new buildings that may prove to be necessary, in return for an increase of the rent equal to the interest on the capital outlay, plus depreciation, etc.

7. To insure the tenant free of charge against accident, sickness, hail, floods, cattle-diseases, fire, phylloxera and other pests.

The crucial question for the practicability of land nationalisation is this: Will tenants be forthcoming on the above conditions? Let us suppose that there are but few, so that competition at the auctions is slight. What would be the result? The amount bid would be low; it would be less than the real rent, and farmers would make correspondingly higher profits. But must not these higher profits act as a stimulus to the farmers who had held back because they were unable to appreciate the new conditions, and had consequently decided to await the verdict of experience?

It is therefore certain that after a short experimental period competition at the lease auctions would raise farm-rents to the level of the highest rent the land could bear; especially as the risk of the tenure under the new conditions would almost disappear, since the net proceeds of the farm could not possibly fall below the average rate of wages. The farmer would always be assured the average wage for his personal labour, and over and above that he would have the advantage of liberty, independence and freedom of movement.

Let it be further remarked that after nationalisation a farmer would have to be appointed in every locality to supervise the

execution of the rent contracts. In every province and district an illustrated list of the farms to be let would be published annually, containing everything that farmers require to know as to the size and the situation of the farms, the crops grown, the prices of farm produce, the farm buildings, previous rent, schools, climate, game and hunting, social conditions and so forth. Since the purpose of nationalisation is not to exploit farmers, great care would be taken to inform tenants about both the advantages and the disadvantages of the farmsteads—whereas at present the landowner never mentions the disadvantages. Many of them, such as damp farmhouses, night frosts, etc. are concealed and can be discovered by the tenant only by indirect enquiry.

The following is a summary of the effects of nationalisation of agricultural land: Abolition of private profit from rent, and consequent elimination of what is called "agricultural distress," of protective-duties and politics as we know them. Abolition of private ownership of land, hence elimination of mortgages, of subdivision of the land and of family quarrels after inheritance. No landlords, no land-slaves, but instead general equality. No landed property, and therefore complete freedom of movement and settlement, with all its beneficent consequences for the health, character, religion, culture, happiness and joy of life of mankind.

In mining, nationalisation of the land is even simpler to carry out than in agriculture. Instead of leasing the mines, the State could invite employers and co-operative societies to tender for working the mine and accept the lowest tender per ton of output. The State could then sell the output to the highest bidder. The difference between the two prices is rent, and goes into the public treasury.

This simple method can be applied where machinery of a permanent kind is unnecessary; as for example in the case of peat moors, brown-coal deposits, gravel, clay and sand pits, quarries, certain oilfields, etc. It is the system at present generally adopted in State forests, where it has long been found satisfactory. The administration of the forest agrees with the workers in public contract on the wage to be paid for a cubic meter of timber, the lowest bidder obtaining the contract. The timber is felled and trimmed into piles

of certain standard dimensions and then sold by public auction. Fraud is almost impossible, because the buyers at once complain if given short measure. It would be the same in surface mining. The buyers would supervise the work at the pits. The workers could, if they wished, co-operate, and so dispense with the services of an employer (a system which, by the way, they have yet to learn), because no capital worth mentioning is required. The pit belongs to the State; and the workers need only their implements.

In coal pits, as in deep mining generally, the matter is more complicated, as plant is required. There are, however, several solutions, all workable.

1. The State provides the plant; insures the workers against accidents, and for the rest proceeds as above; that is, the raising of the mineral is given by contract to the individual workers. This method is in general use in private and State-owned mines.

2. The State provides the plant, as above, and gives a contract for the working of the mine to co-operative societies. This system is not, as far as I know, at present in use. Its introduction would be advantageous for communistic workers, for they would thereby learn to govern themselves.

3. The State leaves both the working of the mine and the provision of the plant to the co-operative societies and pays the society a contract price, to be fixed by competition, for the output, which it sells to the highest bidder as in the first and second systems.

A fourth system leaving the sale of the output also to the workers cannot be recommended, because the selling price is dependent on too many factors.

For large mines with thousands of workers the first system would probably be the best, for medium-sized mines the second system, and for the smallest mines the third system.

The difference between the selling price and the running costs would be paid into the public treasury as rent.

For the sale of the produce of the mines two systems could be applied:

1. A fixed price year in year out. This system could be applied wherever production can be indefinitely increased, so that the

demand resulting from the fixed price can at all times be satisfied. Uniform quality of the products is an essential condition for this system.

2. Public auction. This system could be adopted where the products are of unequal quality and the output cannot be adapted to meet any possible increase of demand.

If the products were sold at fixed prices and an increased demand at these prices could not always be satisfied, speculation would come into play. Where the quality is not uniform, sale by public auction is the only way of avoiding complaints.

Water-power is a peculiar kind of product of the land, which in some regions is already of great importance and is destined to become still more important with the progress of technical science. For the larger power stations which supply towns with light and with energy for tramways, municipal enterprise would be simplest, especially as the running of such power stations offers few difficulties. In the case of lesser water power used directly for industries such as flour-mills and saw-mills, the sale of power at a uniform price, to be adjusted to the price of coal, would be more practical.

Somewhat greater are the difficulties of nationalising the land on which towns are built, if it is desired to exclude arbitrary management and nevertheless secure for the State the full rent. If we are satisfied with a moderately efficient solution, the leasehold system existing in the greater part of London could be adopted. By this system the land is secured to the tenant for whatever use he likes for a term of 50 to 70 years (in London 99 years), the annual rent being fixed in advance for the whole term of the tenure. The rights of the tenant are negotiable and inheritable, so the houses erected on the land are saleable. Thus if in the course of time (and in 100 years many things may change) ground-rents rise, the tenant is the gainer; and the gains—in London for example—may be very large; if, on the other hand ground-rents fall, the tenant has to bear the loss, which may also be very large. As the houses erected on the land serve as pledges for the payment of the rent, the tenant cannot

escape the loss. The full rent of the house serves as security for the landlord.

But cities, as the history of Babylon, Rome and Venice teaches us, are subject to vicissitudes, for little is needed to sap their vitality. The discovery of the sea-route to India brought Venice, Genoa and Nurnberg low, deflecting the traffic to Lisbon; and with the opening of the Suez Canal Genoa was resuscitated. The same is likely to happen with Constantinople after the opening of the Bagdad railway.

Furthermore we must here recall that our present currency laws offer no guarantee whatever that currency policy may not any day be directed, at the bidding of the creditor class, towards a general fall of prices such as occurred in 1873 when silver was demonetised. The possibility always exists that gold, in its turn, may also be demonetised, and the supply of money then reduced so as to cause a general fall of prices of say 50%, by which the fortunes of private and public creditors would be doubled, at the expense of the debtor class. In Austria this was done with paper money, in India with silver, so why should not the same trick be played with gold?

Thus there is not the slightest guarantee that ground-rents will be maintained during the whole term of the contract at the level on which the lease was based. The influence of politics and a thousand economic circumstances—to which must be added the probability that after nationalisation of the land the present tendency of the population to concentrate in towns will be reversed—make long-term leases exceedingly risky, and for the risk the lease-giver, in the present case the State, must pay in the form of a reduced rent.

Another question is, what becomes of the buildings after the expiration of the tenure? If the buildings fall to the State without compensation the leasee will take care, in building his house, not to make it last longer than the term of his lease, so in the majority of cases the buildings will have to be pulled down when they lapse to the State. To a certain extent it is an advantage if houses are not built for eternity, since every time they are rebuilt new technical improvements can be incorporated; but the disadvantages are far weightier, as may be seen in the case of the French railways. The land occupied by these railways was leased to private railway companies for 99 years with the condition that at the expiration of

the lease the whole should lapse to the State without compensation. The result is that construction and maintenance have been adapted to this clause. The State is not to succeed to more than can be helped; it is to come into possession of railways *in articulo mortis*, of scrap-iron and debris. It is in consequence of this short-sighted contract that the French railways give such an impression of neglect—even now, long before the expiration of the contracts. The same thing would happen if building sites were let with the condition that on expiration of the lease the buildings should lapse to the State.

A somewhat better plan would be to have the buildings valued and paid for by the State. But on what principle is the valuation to be made? There are two possibilities:

1. Valuation according to usefulness (building plan, layout).
2. Valuation according to building costs.

If compensation were determined simply by building costs and state of repair, the State would have to pay dear for many a useless, bungled building only fit to be pulled down. The builders would make short-sighted, ill-considered plans, knowing that, whatever the result, the State must pay the cost. On the other hand if we leave building costs out of account and base the valuation on other considerations, the building plans would have to be submitted for approval to the State, which would mean bureaucracy, tutelage and red tape.

Hence the best method seems to me to be the following: to lease the building sites for an indefinite period; not, however, at a rent fixed in advance for ever, but at a rent adjusted in accordance with a re-valuation of ground-rents, to be undertaken by the State at regular intervals of 3, 5, or 10 years. In this way the builder's risk in connection with the ground-rent would be reduced almost to nil, while the State would collect the full rent without having to trouble about the buildings. The whole responsibility for the best use of the building-site would rest with those whom it concerns, namely the builders. Perfect accuracy in calculating ground-rent and consequently the amounts to be paid for the leases, cannot, of course, be expected, but it would at any rate be possible to adjust the amount payable on the leases so as neither to kill enterprise nor to defraud the State.

In order to calculate the ground-rent for the different parts of a

city the State could itself build a tenement house in every quarter of the city. The building plan would be devised with a view to securing the highest possible rent. From the yield of the building, interest on the building capital (as long as interest exists), repairs, depreciation, fire-insurance etc. would be deducted, and what remained would be the ground-rent for all other buildings situated in the same street or in an equally good locality.

Even by this method ground-rent could not be calculated with perfect accuracy, since a great deal would depend on the building plan of the normal tenement house. It would be necessary, therefore, to devise this normal plan with special care. But in any case the builders would never have any reason to complain, since shortcomings in the normal tenement would result in a reduced yield of rent, and this deficit would affect the calculation of ground-rent and result in a lowering of the ground-rent for all building sites.

With this plan builders would have a direct personal interest in keeping their houses in good repair and in devising well thought-out building plans; for every advantage of their houses over the normal house would be to their profit.

Finally we should mention that as the principal factor in the calculation of the amount of ground-rent in the rent of houses is the rate of interest on the building capital, it will be necessary to determine in advance, that is, before the contracts are signed, by what method the rate of interest is to be computed. In the calculation of the ground-rent it makes a vast difference whether the interest paid on the building capital is reckoned at 4, $3\frac{1}{2}$, or 3%.

Suppose for example, that the capital for a building scheme is \$100,000, the house-rent \$10,000, and the rate of interest 4%. The interest on the building capital is then \$4000, so the ground-rent, that is, the rent to be paid on the lease is \$6000. But if the rate of interest is 3%, only \$3,000 would be deducted from the rent of the house, so the ground-rent would be raised to \$7,000 a difference which, if not founded on an incontestable, contractual basis, would cause a chorus of complaint. A fall in the rate of interest from 4% to 3% would make a difference of at least 20 million marks in the calculation of the ground-rent for the city of Berlin. It is therefore clear that the rate of interest upon which the calculation is based must not be subject to arbitrary manipulation.

In the following part of this book, treating of the money reform, there is a full discussion of the computation of pure capital-interest, to which the reader is referred. I here suggest, quite independently of the other discussion, that the average dividend of all home industrial shares quoted on the Stock-Exchange should be taken as the rate of interest for building capital. In this way building capital would be assured the average yield of industrial capital; the building industry would in consequence be freed from all risk and would attract a large bulk of capital, to the benefit of the tenants. For everyone desiring a safe investment would invest his money in houses, which would always yield the average dividend.

This rate of interest would, of course, be used only for calculating the ground-rent of the normal tenement house.

The normal tenement house on an area of 500 square yards yields	\$10,000
The building capital, less the usual amount written off for depreciation is	\$100,000
The average dividend on industrial shares is $3\frac{1}{2}\%$.		
The capital interest to be deducted from the rent therefore amounts to	\$3,500
Leaving for ground-rent	\$6,500
or \$13 per square yard.		

Without taking into account modifications which can be finally determined only by experience, we therefore obtain the following broad outline of a lease contract between the State and the builder.

1. The State grants the builder a hereditary lease of the building site No. 12 Claudius Street.
2. The ground-rent is calculated on the basis of the estimated ground-rent of the normal rented house situated in the same street.
3. The ground-rent of this normal rented house is the rent obtained by public auction of the lease of the house, less so much per cent for depreciation, repairs and insurance, and less interest on the building capital.
4. For the calculation of ground-rent, the rate of interest on the building capital will be considered equal to the average annual dividend of the industrial shares quoted on the Berlin Stock-Exchange.

4. EFFECTS OF NATIONALISATION OF THE LAND

We shall not have to wait for the effects of land nationalisation until the last certificate of the nationalisation loan is redeemed and burnt, for they will appear on the day on which expropriation is decreed by law. And the effect of nationalisation will be first manifested in Parliament and politics.

Like the builders of the tower of Babel, Parliamentary representatives will suddenly no longer recognise each other. They will return to their homes transformed men, with new and higher aims. The thing they stood for hitherto, the thing they upheld or attacked, for which they collected a thousand weighty or frivolous arguments, no longer exists. By a stroke of magic the reeking battle-field of political strife has been converted into a peaceful graveyard. No advantage can now be derived by private individuals from rent, and what was Parliament but a Stock-Exchange where bears and bulls growled and bellowed over the rise and fall of rent on land? "A betting-den for higher tariffs," so it was termed by one who took part in its debates. It is a fact that latterly the proceedings of Parliament have turned almost exclusively on matters either directly or indirectly affecting rent on land.

Rent on land is the starting point for all legislation initiated by the Government; it is the axis on which the thoughts of the party in power consciously or unconsciously turn, in Germany and everywhere else. If rent on land is safe, all is well.

The long and sordid debates on the wheat-duties turned upon rent on land. All the difficulties in connection with the German commercial treaties were created by landed interests. During the protracted deliberations about the German Midland Canal it was the opposition of the landowners that had to be overcome. All the small natural liberties that we enjoy to-day, such as freedom of movement and settlement, the abolition of slavery and serfdom, had to be won from the landlords by force of arms, for the landlords used powder and shot to defend their interests. The long and murderous civil war in the United States was simply a struggle against landlords. The opposition to every kind of progress proceeds from the landlords; if it depended on them, freedom of movement and settlement and universal suffrage would long since have been sacrificed for the benefit of rent on land. Schools, universities and

the Church were from the outset subordinated to the landowners' interests.

With nationalisation of the land all these troubles instantaneously disappear. Agrarian politics will melt like snow in the sun of liberation of the soil. With the abolition of private property in land every private pecuniary interest in politics vanishes into thin air. No one will be able to fill his pockets in Parliament. And politics that are no longer inspired by private interests, but by solicitude for the common weal, are not politics but, as we said, applied science. The representatives of the people will go deeply into the affairs of the State; they will be obliged to adopt methods of work which rule out passion and to examine sober matters soberly with the help of expert knowledge and statistics.

But as well as the politics of the landlords, the politics of their opponents will also become superfluous. Why were the Socialists, the Liberals, the Democrats delegated to the Reichstag? Simply to protect the interests of the people against the predatory instincts of the landlords. But defenders become superfluous when aggressors disappear. The whole liberal party programme will be realised as a matter of course with liberation of the land. Nobody will think of questioning or criticising this programme, or even of examining it for everybody is at heart a liberal. What was reaction, what was the conservative party programme? It was rent on land and nothing else.

With the nationalisation of the land even the reactionary landowners of yesterday will think liberally and progressively. They were men like the rest of us, neither better nor worse; they were keen on their interests, as is every normal individual. They were not a race apart. They were united merely by their common material interest which is, however, a bond of great strength. With nationalisation of the land the land-owning class will become merged in the great mass. Even the junkers of yesterday will become democrats, for what is a junker without land? Landed property and aristocracy are one and the same thing. You can read in the face of an aristocrat how many acres of land he owns, and the amount of his rental.

So what function remains for party politicians? Everything will become so simple and natural when rent on land no longer stands

in the way of every innovation. "Open the road to progress" was the slogan of liberalism, and now the road is really open. Legislation will nowhere clash with private interests. Liquid capital will indeed continue to exist, it will even be increased by many billions through the conversion of landed capital into liquid capital (State securities). But liquid capital being transferable from one country to another, is international and subject to laws quite different from those of landed capital. Politics can render no service to liquid capital. (This proposition will be more fully explained and substantiated when we come to study the theory of interest). Liquid capital, moreover, being subject to the competition of foreign countries, must be on the alert for progress in every direction, and is therefore inevitably forced into the path of liberty.

With the abolition of private property in land the political antagonism of town and country will cease, and both will join in striving for the same aims. If, for instance, agriculture were for any reason placed in a privileged position, workers would desert industry for agriculture, and by competition at the public auctions of leases force up farm-rents, until the special privilege of agriculture again disappeared, and the equilibrium between the proceeds of labour in industry and agriculture was restored. Special privileges attaching to industrial work would disappear in the same manner. For the land would be at the disposal of everybody on equal terms. After nationalisation of the land agriculture and industry can never find their interests in conflict. Agriculture and industry will for the first time be fused into a homogeneous economic and political entity, an overwhelming majority, with which everything, and against which nothing, can be attained.

It would lead us too far afield to discuss in detail all the effects of land nationalisation in the sphere of politics, but the foregoing general discussion suffices to show that with nationalisation of the land, party politics or, indeed, politics of any kind in the present sense of the word will disappear; for politics as we know them and rent on land are identical. Parliament will not indeed become superfluous, but it will be called upon to solve very different problems—problems from which the private interests of individuals will be wholly excluded. Scientific sessions will be held, and instead of sending to Parliament representatives who have to decide a great

number of heterogeneous questions and in the end come to assume competence in everything, we shall elect experts for each special question. In this way each question will be settled by expert and scientific methods. What is demanded of a member of Parliament to-day? He must pronounce on army and navy, on school and religion, arts and sciences, medicine (compulsory vaccination), commerce, railways, post-office, game laws, agriculture, and what not. Our omniscient representatives must even decide matters of currency policy (for example the introduction of the gold standard), although 99% of them have not the faintest notion what money is, or what it ought to be. Is it fair to blame these harried persons for not possessing expert knowledge about anything*? These jacks-of-all-trades will vanish with the nationalisation of the land, and the people will choose as their representatives experts whose legislative powers will be confined to one special question. And with the settlement of this question their power will come to an end.

Nationalisation of the land will affect social conditions no less profoundly than politics, and here again from the moment that expropriation is decreed.

The consciousness that all men and women have now an equal right to their native soil will inspire them with pride and be expressed in their looks. Everyone will hold up his head and even State employees will lose their attitude of tame submission. They will all know that they have a safe refuge in the soil, a faithful mother offering her protection to those in adversity. For the land will be at the disposal of all, on equal terms for everyone, rich or poor, man or woman, capable of cultivating the soil.

Here it will probably be objected that even at present there is no lack of opportunity of renting and cultivating the soil. It must not, however, be forgotten that rent on land at present goes into the pockets of private persons, and that consequently everyone has to work cruelly hard to earn his living. With nationalisation of the land, rent on land will go into the public treasury and so benefit everyone directly in the form of State services. In this way the work

* The State could and should be completely relieved of the burden of State schools, State Church, State universities and many other such institutions which have been forced upon it by the landlords for the purpose of diverting the attention of the people from the real subject of contention.

necessary to earn a living will be reduced; it will suffice to cultivate six or seven acres instead of ten, so many an official whose health has suffered in the city air will be able to earn his bread as a farmer. This development will of course be still more marked when, in consequence of the money reform to be described later, capital-interest disappears. Four acres will then suffice where to-day ten have to be cultivated.

This economic strength and economic independence will of course change the whole relationship of man to man; manners, customs, speech and character will become freer and nobler.

After abolition of private ownership of rent, and still more after abolition of capital-interest, every healthy woman will be able to earn her living and that of her children in agriculture. If three acres instead of ten suffice for this purpose, a woman's strength will suffice where to-day a man's full strength is required. And would not the return of woman to agriculture be the happiest solution of the problem of "feminism"?

A proposal has been made to pay mothers a national rent for their services in rearing their children, a rent equivalent to the use of the soil by primitive woman. It is proposed to pay these mothers' rents from rent on land, in opposition to the proposal of Henry George by which rent on land would be used for the remission of taxation.

There is much to recommend this proposal. In the first place rent is ultimately the creation of the mothers, since it is they who create the population which gives rise to rent. On the principle of "sum cuique" mothers have undoubtedly the strongest claim to rent on land. And we are led to the same conclusion if we compare primitive woman who commands, like a queen, all the gifts of nature about her, with the poverty-stricken women of our proletariat. The comparison shows that with us rent on land is stolen from the mothers. Among the primitive peoples of Asia, Africa and America there is no mother so utterly destitute of all natural resources as the proletariat women of Europe. The primitive woman owns her whole surroundings. She takes wood for her fire where she finds it, and builds herself a hut where she chooses. Her hens, geese, goats, kine, feed around the hut. Her dog guards the cradle.

One boy takes trout from the brook; in the garden the older children sow and reap, others come back from the forest with firewood and berries; the eldest son brings in the deer he has killed on the mountain. And in the place of all these natural gifts we have enthroned the obese, inert, ignoble figure of the rentier. To imagine the situation of a pregnant proletarian woman, who has nothing in all nature around her on which she can lay her child, is to realise that if with our present economic system we cannot do without boundaries and rents, these rents belong by right to the mothers.

According to calculations, the data for which, it is true, are at present incomplete, about \$12 a month could be distributed out of rent on land for every child below the age of fifteen. With this support and the relief from the present interest-tribute, every woman would be able to bring up her children in the country without being forced to depend on the financial support of man. Economic considerations would no longer be able to crush the spirit out of women. In sexual matters her inclinations, wishes and instincts would decide. A woman would then be free to consider the mental, physical and race-improving qualities, and not merely the money-bags of her mate. Women would thus recover the right to choose their mates, the great right of natural selection, which is something vastly more important for them than the illusory right of choosing their political representatives.

With nationalisation of the land everyone will have at his disposal the whole soil of his country, and when nationalisation becomes universal, the soil of the whole world. Compared to that the kings of to-day are beggars. Every newborn babe, legitimate or illegitimate, will have 195,550,000 square-miles, 125,792 million acres of land at his disposal. And everyone will have the right to move freely and settle anywhere; no one will be bound to the soil like a plant. Those whose native air does not agree with them, who dislike the society in which they are placed, or who for any other reason desire a change of abode, may cancel their lease-contract and move on. In this way the German peasants who, as in the times of serfdom, cling to the soil and have never seen further than their church-towers, will be set in motion and made acquainted with new customs, new methods of work, new thoughts. The different peoples will learn to know each other and to see that no people is any better

than any other people, that the social life hitherto created by all of them is vicious and discreditable. And since men as a rule are more ashamed of their vices among strangers than at home among friends and relations, it may be expected that intercourse with strangers will purify and ennoble morals.

Nationalisation of the land penetrates into the depths of human nature to transmute and remould it. A slavish spirit still exists among men since the period of serfdom (among masters no less than among serfs) simply because private property in land, the foundation of slavery, still exists. This slavish spirit will disappear finally with the disappearance of landed property. Man will again stand erect just as a young fir-tree, relieved from the weight of snow, swings back vigorously to its natural poise. "Man is free even though born in fetters," says Schiller. Man adapts himself to every influence, and every gain during the process of adaptation is transmitted to the coming generations. But servility cannot be inherited, so the disappearance of private property in land will leave no scar in the moral tissue of the slaves.

From the economically-founded and therefore genuine, deep-rooted liberty resulting from nationalisation of the land we are justified in expecting the fruits of civilisation that we had formerly looked for in vain. Political peace within our frontiers will be reflected abroad, as inner peace of the soul is reflected in the face of man. The brutal and vulgar tone, inevitable when social relations have been perverted by rent on land, is transferred to political life and poisons our relations with foreign countries. The never-ending conflict of interests resulting from private ownership of land has accustomed us to see an enemy in every neighbour and in every neighbouring nation—enemies we must prepare to oppose by arms. For nations do not at present face one another as men and brothers, but as landlords. If private ownership of land is abolished in two countries the only possible cause of strife between them disappears. Instead of envious landgrabbers we shall then be men with nothing to lose from mutual intercourse and everything to gain, namely enrichment of our professional activity, our religion, our art, our manner of thinking, our morality and legislation. When the land is nationalised, no private individual will derive any profit from higher rents, and if such is the case in the neighbouring countries also,

there will be no one to derive any advantage from import-duties which at present embitter international relations, create dissension, instigate defensive measures and cause such confusion that the nations are driven to war to preserve their status. With nationalisation of the land, and still more with the money reform to be described later, free trade will be a matter of course. And if free trade is allowed to expand and gather force for a few decades, men will come to understand how intimately the welfare of the nations is bound up with it. The whole people will then take anxious care to cultivate friendly relations with neighbouring countries; families will begin to have ties of kinship across the border, friendship between artists, scholars, scientists, workmen, merchants and religious leaders will form the peoples of the world into a league of nations which time and common interests will consolidate. Without private property in rent, there can be no war, because there will be no customs-barriers. Nationalisation of the land means universal free trade and universal peace.

The effect of such a land reform on war and peace has so far been only superficially studied. This is as yet an unexplored domain which the German land reformers have never penetrated. There is here rich material for a comprehensive work. Who will assume the task? Gustav Simons, Ernst Frankfurth and Paulus Klüpfel, who had prepared themselves thoroughly for this labour, and were the right men to undertake it, have been carried off by death in the midst of their activity.

In "Free-Land, the Fundamental Condition of Peace," I have traced the bare outline of this great problem.*

With regard to the general law of wages it only remains to be said that after nationalisation of the land and cancellation of the debt contracted for that purpose

all rent on land will flow into the wage fund
and the total proceeds of labour will then be equal to the total product of labour, less capital-interest.

*"Freiland, die eherne Forderung des Friedens" (spoken at Zürich, 1917) and Gesell's other address on peace: "Gold und Frieden?" (spoken at Bern, 1916) have been reprinted in all subsequent German editions and in the French edition of The Natural Economic Order.

5. THE CASE FOR NATIONALISATION OF THE LAND

Normal man claims the whole earth as his own. He considers the whole earth, not merely part of it, as a member, a vital organ of man. And the problem is, how every man can attain the full use of this vital organ.

Division of the earth is out of the question since by division every man gets a part only, whereas he needs the whole. We cannot satisfy the claims of the members of a hungry family to the soup by smashing the soup-tureen and tossing a fragment to each. Moreover at every birth and burial the partition would have to be made afresh, quite apart from the fact that the shares for distribution all differ in situation, quality, climate, etc., so that everyone must choose for himself. One man would like to have his share on a sunny mountain height; another makes for the neighbourhood of a pub. Partition, at present usually by inheritance, takes no account of such wishes, so the beer-drinker must descend daily from his mountain height to quench his thirst, while the other longs for the sunny heights, and languishes mentally and physically in the air of the valley.

No one is satisfied by partition which chains men to their birth-place, especially if, as is usually the case, an exchange of shares is hampered by transfer taxes. Many a man would like to move off for his health's sake; many another has incurred the enmity of his neighbourhood and had better shift his quarters. But their landed property holds them fast.

The transfer tax in many parts of Germany amounts to 1—2—3%, and in Alsace to as much as 5%. If we consider that landed property is in most cases mortgaged up to three-quarters of its value, we can understand the seriousness of this obstacle; the transfer tax claims one-fifth of the sum received by the seller, one-fifth of the buyer's capital. So if a man changes his abode five times—which is not too often for his proper development—his whole fortune is absorbed in taxes. And the unearned increment tax advocated by the land reformers, which is collected only on transfer, makes matters still worse.

Young farmers thrive in the north; but when a man gets on in years and his blood circulates less vigorously, a temperate climate

is often preferable, while old people feel happiest in the south. How are we to meet all these and a thousand other wishes by means of partition? A man cannot carry his land about like his luggage. Is he to sell his share to buy another? Ask those who, without being able to keep a constant lookout on the market, have been forced by circumstances to sell their property repeatedly. They fare like the peasant who took a cow to market and after a series of exchanges brought home a canary bird. The owner of land is forced to wait for a chance of selling and a chance of buying, but when he is waiting time flies, and in the end he often prefers to renounce the advantages which he might have obtained from a change of abode. Many farmers would like to move to the neighbourhood of the city to enable their gifted children to attend the schools; many others would like to escape from the neighbourhood of the town to bring up their children amidst virgin nature. Many a good Catholic, forced by an inheritance to settle among Protestants, longs to get back to a Catholic neighbourhood. Landed property cuts off all these satisfactions, and converts all men into chained cattle, serfs, slaves of the soil.

On the other hand, many a farmer whose only desire is to cultivate to his dying day the field his forefathers have ploughed from time immemorial is evicted by a creditor or a usurer, or by the tax-gatherer. The laws of property drive him out of his property.

Or again, a farmer inherits a share of his father's land but to work it is forced to mortgage his "property" up to 90% of its value to pay the shares of his brothers and sisters, and is crushed by the burden of the mortgage. A slight rise of wages, a slight decline in rent (which may be brought about simply by a reduction of shipping rates) suffices to make it impossible for him to pay the interest on his mortgage, and brings the whole farm under the hammer. The so-called "agricultural distress" which afflicted German landowners was a consequence of the debts inevitably contracted by the heir to land, and is an inseparable concomitant of private ownership of land. The "happy heir" of landed property drudges and calculates, seeks relief through pot-house politics, but his property gradually drags him down.

Still more disastrous are the consequences when the earth is divided up in the form of collective or communal property, as

advocated by the co-operative movement. The sale of a share is then impossible, so if a man leaves the community he loses his share. The transfer tax is here replaced by a removal tax of 100%. There are parishes that not only levy no taxes but actually distribute ready money. Not to forego this income many stay in the parish although climatic, political, religious or social conditions, or the beer or wages do not satisfy them. Nowhere is there more litigation, quarrelling, manslaughter, nowhere more wasted lives, than in these wealthy communes. Wages must also be lower in such communes than elsewhere, since liberty to choose a profession according to one's personal inclination, so necessary for success in any calling, is greatly restricted by lack of freedom of movement. Everyone is thrown back upon local industries, and a man who might have made his fortune as an astronomer or a dancing master keeps body and soul together as a woodman — simply because he cannot make up his mind to forego his share of the common property.

The same disadvantages, magnified and more dangerous, result from the division of the earth between the different nations. No one nation is or can be satisfied with the share allotted to it, since every nation, just as every individual, needs for its proper development the whole earth. And if the share is insufficient, what is more natural than the desire for conquest? But conquest requires military power, and history teaches us that military power decreases with the growth of the territory over which it is distributed; so there is not the slightest possibility of uniting all nations by conquest. Conquest, therefore, is usually limited to certain shreds and patches of the earth which change from hand to hand. For what one nation gains by conquest another nation is bound to lose; and as this other nation has the same desire for expansion, it prepares for reconquest and awaits a chance of falling on its neighbour.

In this way almost every nation has attempted to obtain possession of the globe by conquest, and always with the same negative result. The sword, like any other tool, becomes blunted with use. And what sacrifices are called for in these futile attempts! Blood and sweat in streams; piled-up corpses; vast treasures squandered—and all in vain! To-day the political map of the world looks as patched and ragged as a tinker's coat. New barriers are daily

erected, and each nation guards more jealously than ever the beggar's mess it has inherited.

Is there any reasonable hope that some day a conqueror will arise who will unite us? Let us not indulge in such pernicious fancies. Partition leads to war, and war results in patchwork. But man needs the whole earth, and not merely a patchwork of hostile nations. As long as this fundamental need of every individual and every people remains unsatisfied, there will be war; man against man, people against people, continent against continent. And it should be noted that wars arising from such causes must necessarily have an effect contrary to that intended by the belligerents; for war produces separation not union, diminution not enlargement, chasms not bridges.

It is true that there are people who feel at home in a smoky tap-room, and uncomfortable on a mountain top. Prussians of the old school, for example, shrank from affiliation with the German Empire, frightened by the new splendour. For the partition of the earth has produced a poor-spirited race.

Away then with this foolish puppet-show of armaments, frontiers, tariff-barriers and registers of landed property! Mankind requires something better than broken fragments of the globe. *Suum cuique*, that is, to each the whole.

But how can this ideal be realised without communism, without affiliating all nations into one great World-State, without abolishing the national independence of the separate peoples?

Our answer is: By the Free-Land reform.

With the introduction of Free-Land all the land situated within the national boundaries is made accessible to each inhabitant of the country and is proclaimed his property. Does not this proceeding grant everyone the kind of land he longs for, and consequently satisfy every desire, indeed every caprice? In this way the impedimenta of removal are reduced by the whole weight of the landed property and freedom of movement and settlement becomes an economic as well as a legal reality.

Let us go into the matter more closely. A peasant is working a large farm with his sons on the north German plain. But the sons do not care for farming and go to the city to take up some trade. The farm becomes too large for the peasant whose strength is

decreasing through age and failing health. He would prefer to take a smaller farm and at the same time realise the dream of his youth: to live in the mountains. He would also like to settle somewhere in the vicinity of Frankfort, because his sons are established there. Such a change would at present be difficult, for a peasant almost impossible to carry out.

With Free-Land the case is different. The peasant has no landed property, so he is free to move, like a bird of passage. He has not even to wait for the expiration of his lease, since he may cancel the contract any day by paying a fine. So he sends for the illustrated list, regularly issued by each province, of the farms to let, and marks the farms which seem most likely to suit his requirements. There will be no lack of choice. If the average duration of a lease is assumed to be 20 years, one farm out of every twenty would become vacant every year, that is, some 150,000 farms of an average area of 25 acres: large farms and small farms, to suit all requirements—in the mountains, on the plain, on the Rhine, on the Elbe, on the Vistula, in Catholic and in Protestant localities, in Conservative, Liberal, Socialist constituencies, in marshy land, in sandy land, on the sea-coast, for cattle-breeding, for beet-root growing, in the forest, in foggy regions, on clear streams, in the smoky "Black Country," in the neighbourhood of the city, the brewery, the garrison, the bishop, the schools, in French or Polish speaking territory, for consumptives, for weak hearts, for strong men and for weak ones, for old and young—in short, 150,000 different farms annually to pick and choose from, waiting for him to come and try his luck. Cannot every man then say that he owns the whole of his country? In any case he cannot possess more than one piece of land at a time, for to possess something means to sit on it. Even if he were alone on the earth, he would have to decide for one piece of land.

He must, indeed, pay a farm-rent, but in so doing he is merely giving back the rent of the land which is not the product of the soil, but of society (the word means what is given back). And man has a claim on the earth, but not on men. If, therefore, he restores to society, as rent for his farm, the rent that he collects from society in the prices of his farm products, he simply acts as an accountant or tax gatherer; his right to the soil remains intact. He gives back

to society what it has paid him in advance in the price of the products of the soil, over and above his labour. But since the farmer himself is a member of society, he, also, receives his share of the farm rent. So in reality he pays no rent at all; he merely hands over the rent collected by him, in order that his account with society may be settled more accurately.

Free-Land realises completely the right of every individual to the whole land of his country. But the whole land of his country is not enough to satisfy a man conscious of his own worth. He demands the whole world as his property, as an integral part of his personality.

This difficulty, also, is overcome by Free-Land. For let us suppose that Free-Land is extended to all countries; a supposition by no means unreasonable when we consider how easily national institutions cross frontiers and are adopted by the whole world. Suppose, then, that Free-Land is universally adopted by international agreement, and that immigrants are given equal rights with citizens, as they are at present with regard to most laws. In that case has not every individual realised his right to possess the whole globe? The whole world from now on forms his absolute property wherein he may settle wherever he pleases (just as he can to-day, if he has money), and without expense, since the rent paid for the farm is, as we have seen, not a levy on the soil, but a return for the rent which he levies on society in the prices of his products, and which is given back to him in the services of the State.

Free-Land, then, puts every man in possession of the whole world which henceforward belongs to him and is, like his head, his absolute property. The world which he inhabits will have grown part of him and cannot be taken from him because of a dishonoured bill, a mortgage, or a security for a bankrupt friend. He can do as he pleases: drink, gamble, speculate, but his property is safe. The amount of his landed property is the same whether he has to share his heritage with twelve brothers and sisters, or whether he is an only child. Quite independently of his character and actions, the earth remains his property. If he does not deliver to society the rent collected in the prices of his field products, he will be placed under guardianship, but none the less the earth remains his property.

Through nationalisation of the land every child is born a land-owner and more, for every child, legitimate or illegitimate, holds the globe in his hand, like the Christ-Child at Prague. No matter what the colour of a man's skin, black, brown, white or yellow, the undivided earth belongs to him.

Dust thou art and to dust returnest. It seems little, but beware of under-estimating the economic significance of this dust. For this dust is a part of the earth which belongs to the landowners. In order to come into being and to grow you need parts of the earth; even a small deficiency of iron in your blood will undermine your health. Without the earth and, if it belongs to the landowners, without their permission, no one is permitted to be born. This is no exaggeration. The analysis of your ashes shows a certain percentage of earthy matter which no one can draw out of the air. This earthy matter was at one time in the earth and it has either been bought from a landowner or stolen; there is no other possibility.

In Bavaria permission to marry was made dependent on a certain income. Permission to be born is denied by law to all those who cannot pay for the dust needed to construct a frame of bone.

But neither is anybody allowed to die without permission of the landowners. For to dust thou shalt return, and this dust takes up space upon the earth which the landowner may be unwilling to grant. If a man dies somewhere without permission of the landowner he robs the landowner, so those who are unable to pay for their burial-place go straight to hell. Hence the Spanish saying: He has no place whereon to drop down dead. And the Bible: The Son of Man has not where to lay His head.

But between the cradle and the coffin lies the whole of life, and life, we know, is a process of combustion. The body is a furnace in which a constant heat must be maintained, if the spark of life is not to be extinguished. This warmth we maintain inwardly by nutrition, outwardly by clothes and shelter. Food and clothing and building material are, however, products of the earth, and what happens if the owners of the earth refuse us these materials?

Without permission of the owners of the earth, then, nobody may eat, or be clothed, or live at all.

This, also, is no exaggeration. The Americans deny the Chinese the right of immigration; the Australians keep all men whose skin

is not pure white away from their coasts. Even shipwrecked Malaysians seeking shelter on the Australian coast have been pitilessly turned away* And how do our own police deal with those who do not possess the means to buy the products of the earth? You have got nothing, yet you live, therefore you steal. The warmth of your body, a fire maintained with the products of the soil, is evidence of your misdeeds and reason enough for locking you up! That is why travelling journeymen always carry a sum of money which they never touch.

We frequently hear the phrase: Man has a natural right to the earth. But that is absurd, for it would be just as correct to say that man has a right to his limbs. If we talk of rights in this connection we must also say that a pine-tree has the right to sink its roots in the earth. Can man spend his life in a balloon? The earth belongs to, and is an organic part of man. We cannot conceive man without the earth any more than without a head or a stomach. The earth is just as much a part, an organ, of man as his head. Where do the digestive organs of man begin and end? They have no beginning and no end, but form a closed system without beginning or end. The substances which man requires to maintain life are indigestible in their raw state and must go through a preparatory digestive process. And this preparatory work is not done by the mouth, but by the plant. It is the plant which collects and transmutes the substances so that they may become nutriment in their further progress through the digestive canal. Plants and the space they occupy are just as much a part of man as his mouth, his teeth or his stomach.

But man, unlike the plant, cannot remain satisfied with part of the earth; he needs the whole; every individual needs the whole undivided earth. Nations living in valleys or islands, or shut off by tariff-barriers, languish and become extinct. Trading nations, on the other hand, that spice their blood with all the products of the earth, remain vigorous and populate the world. The bodily and spiritual needs of men put out roots in every square foot of the earth's surface, embracing the globe as with the arms of an octopus. Man needs the fruits of the tropics, of the temperate zones and of the north; and for his health he needs the air of the mountains, the sea and desert. To stimulate his mind and enrich his experience he

* Land Values 1905 p. 138.

needs intercourse with all the nations of the earth. He even needs the gods of other nations as objects with which to compare his own religion. The whole globe in splendid flight around the sun is a part, an organ, of every individual man.

How, then, can we suffer individual men to confiscate for themselves parts of the earth as their exclusive property, to erect barriers and with the help of watchdogs and trained slaves to keep us away from parts of the earth, from parts of ourselves—to tear, as it were, whole limbs from our bodies? Is not such a proceeding equivalent to self-mutilation?

The reader may be unable to accept this comparison on the ground that amputation of a piece of land causes no loss of blood. But would that it caused no more than ordinary loss of blood! An ordinary wound heals. You lose an ear or a hand; the flow of blood is stanchd and the wound closes. But the wound left in our body by the amputation of a piece of land festers for ever, and never closes. At every term for the payment of rent, on every Quarter Day, the wound opens and the golden blood gushes out. Man is bled white and goes staggering forward. The amputation of a piece of land from our body is the bloodiest of all operations; it leaves a gaping, festering wound which cannot heal unless the stolen limb is grafted on again.

But how? Is not the earth already torn into fragments, cut up and parcelled out? And have not title-deeds been drafted that record this parcelling and must be respected?

But this is nonsense. For who was it that drew up and signed these title-deeds? I myself have never consented to the partition of the earth, to the amputation of my limbs. And what others have done without my consent cannot bind me. For me these documents are scraps of paper. I have never consented to the amputation that makes me a cripple. Therefore I demand back my stolen property and declare war on whoever withholds part of the earth from me.

“But there, on these faded parchments, stands the signature of your ancestors!” It is true that my name occurs there, but whether the signature was forged or genuine, who knows? And even if the signature on the parchment is genuine, I can read between the lines that it was extorted by force, since no one will sacrifice his limbs unless in immediate danger of his life. Only a trapped fox

bites off its own leg. Again, is anybody in duty bound to recognise the debts of his forbears? Are children to be held responsible for the sins of their forefathers? Are parents to be allowed to mutilate their children? May a father sell his daughter?

One suspects that our ancestors tipped away the earth, like the old Germans who, in their cups, staked their wives and children. For only drunken fools sell themselves or their limbs; only drunken fools could have voluntarily signed the documents that gave away the land. If an inhabitant of Mars came among us for the purpose of buying land here to take with him, is it conceivable that he would be allowed to carry off parts of the earth, great or small? Yet it makes no difference whatever to the bulk of the population whether the riches of the earth are carried off to Mars, or whether a landowner takes possession of them. For when the landowner has collected his rent he leaves nothing behind but waste and desert. If our landowners were to roll up the whole of the arable surface of Germany and carry it off to Mars—it would make no difference to the rest of the population. During a period of famine Russian landlords living in luxury in Paris exported great quantities of wheat from Russia, until even the Cossacks felt the pinch, and exports had to be prohibited to maintain order.

The signatures in the land register were extorted by the dagger, or procured through fraud or through the brandy bottle. The land register is the criminal record of Sodom and Gomorrah and if landowners, in their turn, were to declare themselves willing to assume responsibility for the actions of their ancestors, they would have to be clapped into prison for fraud and extortion.

Jacob defrauded Esau of his pastures by means of a mess of pottage, when the latter returned famished from the wolf hunt. Are we to give our moral sanction to this transaction by keeping the descendants of Esau from the use of these pastures with the help of the police?

We need not however go back to Esau to discover the origin of such title-deeds. “The settlement of most countries originally took place by way of conquest, and even in modern times the existing division of the land was often enough again changed by the sword.”*

*Anton Menger: *The Right to the Full Proceeds of Labour*.

And how is the occupation of a country carried out to-day, before our eyes? For a bottle of brandy for himself and some finery for his consort, the Herero king sold the land which he had taken from the Hottentots. Millions of acres which his people used as pasture for their herds! Did he know what he was doing when, bemuddled with the fumes of alcohol, he put the treacherous cross at the foot of the document? Did he know that this document would be kept as a precious relic in a steel safe and guarded day and night by sentinels? Did he know that his whole people would be nailed to that cross; that henceforward he would have to pay a rent for each head of cattle—he, his children, his grandchildren, to-day, to-morrow, for ever? He did not know this when he drew on the document the sign of the cross, taught him by the missionaries, for how can a man be cheated and defrauded by the sign of Christ? If he had signed the document knowingly he would have been a traitor deserving to be hanged on the nearest tree. But he did not know, for when practice taught him what the document meant, he took up arms to drive away “the treacherous savages” (in the German press the unhappy natives, who were carrying on their “war of independence” with the only weapons at their disposal, were usually styled incendiaries, thieves, treacherous savages and so forth). Of course it availed the Hereros nothing. They were hunted down, and the few that escaped were driven into the desert where they will starve. (See General Trotha’s proclamation).

The land occupied in this manner was then distributed as follows, according to an official report:*

	Square Miles
1. German Colonial Company for South West Africa	51,300
2. German Settlement Company	7,600
3. Hanseatic Land, Mining and Commercial Company	3,800
4. Kaoko Land and Mining Company	39,900
5. Southwest Africa Company Ltd.	4,940
6. South Africa Territories Ltd.	4,560
That is 70 million acres.	Total 112,100

What have the six proprietors given for these 70 million acres of land? A brandy bottle, a mess of pottage. This is what is being done in Africa, in Asia, in Australia.

* Deutsche Volksstimme, 20 December 1904.

In South America matters were still further simplified; the document with the sign of the cross for a signature was dispensed with. General Roca, afterwards President, was sent out with a horde of soldiers to drive the Indians off the fertile grazing grounds of the Pampas. The majority of the Indians were shot down, the women and children were dragged to the capital as cheap labour, and the remainder were hunted across the Rio Negro. The land was then distributed among the soldiers, most of whom hastened to sell their claims for brandy or trinkets.*

This is how the sacred, inviolable rights of the present owners to what is probably the most fertile soil in the world were acquired. The pasture of millions of sheep, horses, cattle, the land for a great nation which is coming into existence, is to-day the private property of a handful of men who obtained it for a few quarts of brandy.

In North America territories quite recently settled were largely uninhabited. Everyone could take as much as he pleased. Every adult, man or woman had a claim to 160 acres of land, so that families with six grown-up children were able to claim 1000 acres. Anyone who agreed to plant a few trees was allowed to claim double the amount, 320 acres. After six years the occupiers were given title-deeds, and the land was then saleable. Through the purchase of such homesteads for trifling sums (much could not be asked for something that could be claimed elsewhere for nothing) latifundia of many thousands of acres were formed. Price: A quart of brandy,

* “The Argentine consul general reports that recent sales of large estates in Argentina show clearly how greatly the values of landed property have risen in that country. In the Pampa territory Antonio Devoto bought an area of 116 leguas with 12,000 head of horned cattle, 300,000 sheep etc. from the British South American Land Company for 6½ million dollars, or about 50,000 dollars a legua of 2,500 hectares.—José Guazzone known as the wheat king, bought 5 leguas at 200,000 dollars a legua in the district of Navaria in the province of Buenos Aires.—The Jewish Colonisation Company bought 40 leguas, partly in Piqué, partly in the Pampa Central, for 80,000 dollars a legua, which the seller, Federico Leloir had bought in 1879 for 400 dollars a legua.—All this land in the Pampa was liberated from the Indians in 1878 and sold publicly by the Government in 1879—80 for 400 dollars a legua. It is specially suitable for cattle-breeding and its value has meanwhile increased 150 to 200-fold, which is a good index of the prosperity of the country.” Hamburger Fremdenblatt, Dec. 22, 1904.

To this we may add that the increase in the price of the land is in reality far greater. The 400 dollars a legua were payable in “moneda corriente,” which was only worth one thirtieth of the present-day peso (dollar). So the increase was 30 times 200, that is, 6,000-fold. It is said that many of the soldiers sold their shares for boxes of matches (Cajas de fosforos.).

a dishonoured bill, a mess of pottage. In California two Luxemburg farmers, Muller and Lux, to-day own an estate so large that Prussia could easily be fitted into it. Price: A quart of brandy, a mess of pottage.

The Northern Pacific Railway obtained gratis from the Canadian Government permission to construct the railway, and in addition to this privilege it received as a gift a strip of land 40 miles wide on each side of the railway. Consider what that means: 40 miles right and left of a line 2000 miles long! Price: Nothing at all!

With the Canadian Pacific it was much the same. In a pamphlet issued by this company it is stated that "The company took over the construction of the 1920 miles, for which it obtained from the Government valuable privileges and liberties and, further, 25 million dollars in money, 25 million acres of land, and 638 miles of railroad already constructed."

Let it not be imagined that the projected railway was to be considered the return for these gifts. The above pamphlet states that the railway is to remain the property of the company. But where, then, it will be asked, is the return for the 25 million acres of land, the 25 million dollars, the 638 miles of railroad already constructed and the valuable privileges? The answer is, a mere bagatelle, namely, the risk in connection with the interest to be paid on the capital.

Thus by a stroke of the pen 25 million acres of arable soil in one of the most fertile, most beautiful and healthiest of countries passed into private ownership. No one even took the trouble of looking at the land that was to be given away as a gift. Only during the construction of the railway was the extraordinary fertility of the soil, its wealth in minerals, and the beauty of the landscape "discovered." And this happened not in Africa, but in Canada, which is renowned for its excellent administration.

Such is the origin of private ownership of land at the present day in countries upon which Europe is as dependent as upon its own fields.

Knowing therefore how private ownership of land is established to-day, need we investigate how it originated yesterday? "*Peor es menearlo*," says the Spaniard: The more you move it about, the worse it becomes. Are we to inquire of the Church in what colours hell was painted when the dying dame bequeathed her landed

property to the Church? Are we to inquire of the counts, the dukes, the barons by what treasonable means they obtained from a weak emperor the transformation into their absolute property of the land which they only held as wages for military service? Or how they availed themselves of the incursions of marauding neighbours as a welcome opportunity for extorting privileges and landed property from the emperor? "*Peor es menearlo*." The more you stir it up, the worse it stinks. Are we to ask the English landlords how they came by their landed property in Ireland? Pillage, rapine, murder, high treason and legacy hunting: these would be the answers to our queries. Anyone not satisfied with these answers can collect full information about the origin of landed property in the old ballads and drinking songs, and from observation of the pitiful physical and moral decay of the race. He will be convinced that our ancestors were a band of drunkards who tumbled away the heritage of their descendants, careless of the fate of the coming generations. After us the Deluge, was their motto.

Are we, then, to maintain this "venerable" institution bequeathed to us by these drunken Falstaffs, out of pious veneration of the bottles that were emptied at its origin, or out of gratitude for the degenerate blood and crippled limbs which they have bequeathed?

The deeds of the dead are not the measure of our actions. Every age has its own tasks to accomplish, which demand its whole strength. Dead leaves are swept from the trees by autumn gales; the dead mole on the field track, the droppings of the grazing herds are carried underground by Nature's scavengers. Nature, in short, takes care that dead matter shall be removed from sight, so that the earth may remain eternally fresh and young. Nature hates mementoes of death. The pallid skeleton of a pine tree never serves as support and ladder for new vegetation; before seeds can germinate, the dead tree must be felled by the storm. In the shadow of old trees young vegetation cannot prosper; but no sooner are they gone than everything begins to grow and flourish.

Let us bury with the dead their title-deeds and laws. Let us pile up the registers of landed property as a pyre for the dead. A coffin is too narrow for a bed, and what are our land-laws and land

registers but coffins in which the corpses of our ancestors lie buried?

Burn, then, such mouldering rubbish! It is from the ashes, not from the corpse, that the Phoenix arises.

6. WHAT FREE-LAND CANNOT DO

Such are the far-reaching consequences of nationalisation of the land; but nevertheless the importance of this reform—great though it is—must not be exaggerated. Free-Land is not, as many are inclined to imagine, a panacea. Henry George was of opinion that Free-Land would eliminate:

Interest, Economic Crises, Unemployment.

He did not, indeed, support this belief with the same confidence and wealth of ideas as his main contention, and this lukewarmness proves that he was aware of his lack of clear insight and had doubts about this part of his theory. But these doubts are not shared by his disciples.

What with Henry George was not much more than an opinion held without deep conviction became with his disciples an unquestioned dogma. The only exception is Michael Flürscheim; and it was for this reason that he was unpopular with the other land reformers, although it was he who succeeded in reviving the idea of land reform in Germany.

Free-Land influences the distribution of the product; unemployment and economic crises however are not problems of distribution, but problems of exchange or commerce; even interest, although it influences the distribution of the product for more powerfully than does rent on land, is merely a problem of exchange, for the action that determines the amount of interest, namely the ratio in which existing stocks of products are offered in exchange for products of the future, is an exchange, and nothing but an exchange. With rent, on the other hand, no exchange takes place; the receiver simply pockets the rent without giving anything in return. Rent is a part of the harvest, not an exchange, and that is why the study of the problem of rent can offer no basis for the solution of the problem of interest.

The problems of unemployment, economic crises and capital-interest cannot be answered unless we examine the conditions under

which exchange takes place. Henry George did not undertake this examination, nor have the German land reformers made the attempt; and for this reason they are utterly unable to explain the existence of capital-interest, economic crises and unemployment. Henry George's theory of capital-interest, still held, to their confusion, by the German land reformers, is an incredibly crude "theory of fructification," which utterly fails to account for any phenomenon connected with capital-interest or unemployment. And his theory of economic crises (disproportion between the consumption and the incomes of the rich) is equally superficial.

This has been the weak spot of the land reform movement hitherto. It was asserted that land reform would in itself solve the social problem, but no satisfactory scientific explanation of the most serious drawbacks of our economic system was forthcoming. And the land reformers, besides failing to produce a theoretic explanation, were also unable to suggest practical remedies for the drawbacks of our economic system. The wage-earners, to whom, also, the land reformers promise salvation, cannot be rescued from their desperate plight solely by nationalisation of the land. They demand the full proceeds of labour, that is, the abolition of both rent on land and capital-interest; and they also demand an economic system excluding crises and unemployment.

This exaggeration of the effect of land nationalisation has caused incalculable damage to the whole movement.

We shall now examine the condition under which capital-interest, crises and unemployment are produced, and we shall discuss the measures necessary for the removal of these evils. We are thus about to approach what is notoriously the most intricate of all economic problems. The reader need not, however, be alarmed, for the problem has been rendered perplexing only by pseudo-scientific methods of investigation; in reality the facts are rigorously co-ordinated; and we have only to begin at the right place to discover the co-ordination.